STATE OF MICHIGAN

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Spectra Med, Inc
Petitioner **File No. 21-1725**

v

ASMI Insurance Company
Respondent

Issued and entered
this 18th day of January 2022
by Sarah Wohlford
Special Deputy Director

ORDER

I. PROCEDURAL BACKGROUND

On November 15, 2021, Spectra Med, Inc (Petitioner) filed with the Department of Insurance and Financial Services (Department) a request for an appeal pursuant to Section 3157a of the Insurance Code of 1956 (Code), 1956 PA 218, MCL 500.3157a. The request for an appeal concerns the determination of ASMI Insurance Company (Respondent) that the cost of treatment, products, services, or accommodations that the Petitioner rendered was inappropriate under Chapter 31 of the Code, MCL 500.3101 to MCL 500.3179.

The Petitioner's appeal is based on the denial of a bill pursuant to R 500.64(3), which allows a provider to appeal to the Department from the denial of a provider's bill. The Respondent issued a bill denial on October 15, 2021. The Petitioner seeks the full amount charged for the dates of services at issue.

The Department accepted the request for an appeal on November 18, 2021. Pursuant to R 500.65, the Department notified the Respondent and the injured person of the Petitioner's request for an appeal on November 18, 2021 and provided the Respondent with a copy of the Petitioner's submitted documents. The Respondent filed a reply to the Petitioner's appeal on November 19, 2021. The Department issued a notice of extension to both parties on December 17, 2021.

II. FACTUAL BACKGROUND

This appeal concerns the appropriate reimbursement amount for durable medical equipment (DME) and supplies rendered on September 23, 2021, under Healthcare Common Procedure Coding

System (HCPCS) Level II code A6250[1], which is described as skin sealants, protectants, moisturizers, ointments, any type, or size.

With its appeal request, the Petitioner submitted its 2019 charge description master (CDM), an *Explanation of Review* letter issued by the Respondent, and a narrative outlining its reason for appeal. The Petitioner stated in its narrative that there has been "repeated rejections of claims using MCL 500.3157 for a reason even after supplying claim processing with bulletin 2021-38-INS and requesting reconsideration."

In its denial, the Respondent determined that the supply at issue did not have a Medicare fee schedule for the service billed and it would reconsider charges once a charge description master was received. In its reply, the Respondent stated: "Procedure code A6250 requires either a CDM or [Affordable Care Act] information. This has been requested from the provider and has not been received."[2]

III. ANALYSIS

Director's Review

Under MCL 500.3157a(5), a provider may appeal an insurer's determination that the provider overutilized or otherwise rendered inappropriate treatment, products, services, or accommodations, or that the cost of the treatment, products, services, or accommodations was inappropriate under Chapter 31 of the Code. This appeal involves a dispute regarding cost.

For dates of service after July 1, 2021, MCL 500.3157 governs the appropriate cost of treatment and training. Under that section, a provider may charge a reasonable amount, which must not exceed the amount the provider customarily charges for like treatment or training in cases that do not involve insurance. Further, a provider is not eligible for payment or reimbursement for more than specified amounts. For treatment or training that has an amount payable to the person under Medicare, the specified amount is based on the amount payable to the person under Medicare. If Medicare does not provide an amount payable for a treatment or rehabilitative occupational training under MCL 500.3157(2) through (6), the provider is not eligible for payment or reimbursement of more than a specified percentage of the provider's charge description master in effect on January 1, 2019 or, if the provider did not have a charge description master on that date, an applicable percentage of the average amount the provider charged for the treatment on January 1, 2019. Reimbursement amounts under MCL 500.3157(2), (3), (5), or (6) may not exceed the average amount charged by the provider for the treatment or training on January 1, 2019. See MCL 500.3157(8); MAC R 500.203.

HCPCS Level II code A6250 is not payable under Medicare. To calculate the appropriate reimbursement amount, the Department relied on the Petitioner's submitted CDM as of January 1, 2019 for

[1] This appeal originally included an additional procedure code of A4452; however, in the Respondent's reply it stated it would reimburse the Petitioner for A4452 with interest. Therefore, this appeal is related to HCPCS code A6250 only.
[2] The Department provided the Petitioner's 2019 CDM to the Respondent on November 18, 2021 with its notice of appeal.

HCPCS Level II code A6250. Pursuant to MCL 500.3157(7), the amount payable to the Petitioner for the procedure code and date of service at issue is as follows:

HCPCS code	2019 CDM amount	55% of January 1, 2019 CDM amount	4.11% CPI adjustment	Amount payable for the date of service at issue
A6250	$[redacted]	$[redacted]	$[redacted]	$[redacted] per unit

The Department concludes that the Petitioner is due additional reimbursement for the date of service at issue.

IV. ORDER

The Director reverses the Respondent's determination dated October 15, 2021, that the cost of the treatment for HCPCS Level II code A6250 rendered on September 23, 2021 was inappropriate under Chapter 31 of the Code, MCL 500.3101 to MCL 500.3179.

The Petitioner is entitled to reimbursement in the amount payable under MCL 500.3157 for the treatment on the dates of service discussed herein, and to interest on any overdue payments as set forth in Section 3142 of the Code, MCL 500.3142. R 500.65(6). The Respondent shall, within 21 days of this order, submit proof that it has complied with this order.

This order applies only to the treatment and dates of service discussed herein and may not be relied upon by either party to determine the injured person's eligibility for future treatment or as a basis for action on other treatment or dates of service not addressed in this order.

This is a final decision of an administrative agency. A person aggrieved by this order may seek judicial review in a manner provided under Chapter 6 of the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.301 to 24.306. MCL 500.244(1); R 500.65(7). A copy of a petition for judicial review should be sent to the Department of Insurance and Financial Services, Office of Research, Rules, and Appeals, Post Office Box 30220, Lansing, MI 48909-7720.

Anita G. Fox
Director
For the Director:

X Sarah Wohlford

Sarah Wohlford
Special Deputy Director
Signed by: Sarah Wohlford